



Department of Local Government Finance

The Communicator

Issue 22

Spring 2003

Designed to Educate and Inform about Issues Relating to Property Taxation and
Local Government Finance in the State of Indiana

Published by:

The Department of Local Government Finance
100 North Senate Avenue
Room N-1058(B) Indianapolis, Indiana 46204
Telephone: (317) 232-3777
Fax: (317) 232-8779
www.in.gov/dlhf

Beth Henkel, Commissioner
Kostas Poulakidas, Deputy Commissioner
Heather Scheel, General Counsel

Editor: Colleen Kelly, Director of Communications
and Public Affairs

Managing Editor: Pamela Drinkard

This Issue's Contributing Reporters:

Kurt Barrow	Colleen Kelly
Pamela Drinkard	Kostas Poulakidas
Lori Harmon	Heather Scheel
Beth Henkel	Nancy Stassen
Melissa Henson	Julie Waddell

In this Issue:	Page
Message from Commissioner	1
Deputy Commissioner	2
Lake County Reassessment Project	3
Legislative Update	4
Reassessment Update	5
Software Certification	6
Era Applications	6
Level 1 & 2 Assessor-Appraiser Certification	7
Year-End Cycle	
Budget Update	8
Rules Update	10

Information about the Indiana Board of Tax Review
can be found at www.in.gov/ibtr or call (317) 232-3786.



Message from Beth Henkel, Commissioner

As you look through this edition of *The Communicator*, you will notice there have been several changes in staff at the Department since last winter. First, the Governor appointed me as Commissioner on January 1, 2003. Second, we worked hard to fill some vacancies in the agency. As a result, we are pleased to announce the addition of Kostas Poulakidas as deputy commissioner; Colleen Kelly as director of public affairs; Lori Harmon as assistant director of assessment; and Judy Robertson as assessor auditor in the Budget Division. Heather Scheel has moved up to general counsel for the agency.

We also have several employees who are retiring soon: Carolyn Ives, Sue Mayes, Dennis Neuhoﬀ, and Dave Stephani. We welcome the new staff even as we bid a fond – and somewhat envious – farewell to the departing staff members.

This year is a year of reassessment, and that is always challenging. The change to assessment of real property under a market value in use method makes this reassessment the most challenging that any of us can recall, even people who have been through several assessment cycles. Right, Gordon? This is one for the books, folks.

continued on Page 2

Message from Beth Henkel
(Cont' from Page 1)

This year county and local officials must deal with more uncertainty and confusion than ever before. March 1, 2002, came and went without the reassessment completed in a single county. Even worse, not one county completed the process in time for budgets, rates, and levies to be certified by the February 15, 2003, date. We have also had to deal with a recession and budget crises at the state and local levels.

I am sure you, just as I, have had to deal with criticism and crises nearly every day. It is in trying times, however, that people have a tendency to pull together to get the job done. I applaud all of you for your efforts and for your determination to get through this time of chaos. Together, we can get this done.

Here at the Department, we have a vision for the future. We are prioritizing the rules, policies and interpretations that the Department needs to address; making sure the assessment and budget divisions are staffed and functioning smoothly; providing more outreach to the public, the assessment community and local government. We also are looking at the bigger picture in coordinating a statewide, independent equalization study of the reassessment and developing working groups with local officials and taxpayer groups to get recommendations for needed change in our tax laws and to coordinate efforts. For example, together with the Assessors Association and Rep. Thomas Saunders, we worked in the last session of the General Assembly for a change in the reassessment cycle in order to have the next reassessment completed in 2009. In the meantime, the Department will develop rules to update real property assessments, starting in 2005.

If we continue to maintain our sense of humor, avoid the blame game, be flexible, exercise patience, and last, but certainly not least, address problems head-on, we will get through this time. At the end of the day, I hope we can say, with pride, that we did it together!



**Kostas Poulakidas,
Deputy Commissioner**

Kostas Poulakidas, Deputy Commissioner, has experience with various public policy and regulatory issues.

Mr. Poulakidas looks forward to working with the Department and with local agencies and the public on all aspects of administering Indiana's property tax system as it shifts to a market value structure and in working with the 2,400 taxing units across the State.

Before coming to the DLGF, Mr. Poulakidas received a federal judicial clerkship with the United States Court of Federal Claims and practiced commercial and government litigation with a private law firm in Washington, DC. He also served as a Deputy Attorney General in the appellate and government litigation divisions of the Indiana Attorney General's Office.

Additionally, Mr. Poulakidas is a former Executive Director of the Indiana Utility Regulatory Commission and served as Special Assistant to the Governor for Administrative and Regulatory Affairs for Governor Evan Bayh.

Mr. Poulakidas received his law degree from Indiana University-Bloomington where he was executive editor of a law journal. He has a Masters degree in international affairs and law from the American University School of International Service in Washington, DC. His undergraduate degree is from Ball State University. He has published on various public policy and legal issues.

Lake County Reassessment Project on Target for Oct. 1 Deadline



Commissioner Beth Henkel and Joe Palmer, Esq., Project Coordinator, prepare for the presentation to Lake County officials on May 8.

The Department's role in the Lake County reassessment puts us in the county's shoes. We have learned a great deal about reassessment at the ground level. The project got off to a late start. Cole-Layer-Trumble Company (CLT), the reassessment contractor, did not get on location to begin "data collection" until March 2002.



Local Lake County officials discuss with Henkel reassessment issues that affect their townships.

By May 2003, however, the Department can report that the project is well underway to meet the target of October 1st for turning over that data to the County Auditor. Tax bills are expected to be issued in early 2004.

This month local county officials and guests met at the Lake County Government Center in Crown Point to hear a presentation on the status of the property reassessment in Lake County.

CLT gave an overview of the project to more than 50 people, and individual staff explained their responsibilities and the quality control measures being taken to assure accuracy and consistency. More than 178 people, including temporary help, have been hired to complete this massive project.

Residential, commercial and industrial data collection and data entry are now complete. The field review phase has started with final valuation calibration and equalization to be completed by October 1, 2003.



David Johnson, CLT Senior VP, talks to Will Smith, Jr., Lake County Council President, and Emily Mahurin, Crowe Chizek, about the reassessment progress so far.

CLT has completed neighborhood delineation, and these neighborhoods will be used to target assessed values to market value-in-use. Residential neighborhood delineation, neighborhood factors, land valuation and sales ratios are used in conjunction with accurate data on each property to determine fair and equitable assessments. Land pricing books and maps, land rate tables, and sales ratio analysis assist the Department in ensuring consistency and accuracy. Quality control checks are made on a minimum of ten percent of data at all stages of the reassessment.

For more information on the Lake County reassessment, contact www.mylakeproperty.com website or www.in.gov/dlgf/ website.



Legislative Update

Colleen Kelly

The 2003 Indiana General Assembly completed its session on April 26 and 27, and generated new legislation that impacts the Department of Local Government Finance procedures and areas of responsibility. Those bills relevant to reassessment are:

HEA 1535. This Act addresses the appeal process for the 2002 reassessment of real property in Lake County. The Act: (1) allows the Department to contract with Cole- Layer-Trumble to hold informal hearings with taxpayers and represent the Department in assessment appeal proceedings; (2) allows the Department to adopt informal hearing procedures; (3) provides that a taxpayer must participate in an informal hearing to be eligible to file an assessment appeal; (4) permits the Indiana Board of Tax Review to designate special masters to conduct evidentiary hearings of assessment appeals; and (5) authorizes the Indiana Board and the Department to adopt emergency rules. These provisions expire December 31, 2005.

HEA 1219. This Act permits counties that are lagging in the reassessment to issue provisional property tax billings based on last year's tax liability. It is intended to provide funds to county and local taxing units in counties that have not completed the reassessment. Ten counties so far have indicated they intend to use this procedure. This Act also provides temporary borrowing provisions for school corporations.

HEA 1714 & 1814

These bills provide several technical changes to the Tax Code. HEA 1814 makes it clear how and where to appeal orders of the Department where the law is now silent.

It also modifies current law to provide that its orders are not subject to the Administrative Orders and Procedures Act and provides that budget, bonding, and equalization orders are appealed directly to Tax Court. It also clarifies the law, stating that equalization is to take place the year that the general reassessment becomes effective instead of two years before it is performed.

HEA 1814 also modifies the way that the abatement process is done so that these determinations will be calculated and implemented at the local level, rather than at the state level. The bill also clarifies some miscellaneous budget issues, including the process for petition and remonstrance in bonding issues.

HEA 1714 mirrors some of the provisions of HEA 1814 and also contains some significant other provisions. Some of the provisions are:

- In brief, it provides that the next general reassessment of real property is delayed to 2009.
- In the interim, it requires the Department to develop rules for annual adjustments to real property assessments by 2005.
- Allows a county assessor to intervene or represent the township assessor in review proceedings before the Indiana board of tax review (IBTR) if the notice of appearance is filed before the review proceeding.
- Permits the IBTR to make a final determination based on a stipulation, but to accord that stipulation limited weight.
- If the time for the IBTR to issue a final determination expires, permits the petitioner either to wait for a determination or file for de novo review in the Tax Court.
- Permits the IBTR to adopt rules to establish procedures for the conduct of proceedings before the IBTR.
- Increases the sales disclosure form filing fee to \$10 for calendar years 2004 and 2005 and specifies distribution of the revenue.
- Permits a political subdivision to receive an advance distribution from the property tax replacement fund.
- Reinstates the personal property assessment rules and utility rules that were incorporated by reference into statutes by HEA 1001ss and prohibits amendment or repeal of certain parts of the rules.
- Directs county auditors to forward sales disclosure form data to the legislative services agency.
- Adjusts qualifications for certain civil taxing unit excessive levy appeals.
- Changes the annual deadline for county auditors to provide information to the state, and imposes a penalty for failure to provide the information by the deadline.

continued on Page 5

- Permits the Department to provide training through the Indiana chapter of the International Association of Assessing Officers.
- Enacts provisions that are related to voluntary remediation tax credits.

The Budget Bill, **HEA 1001**, addresses how to establish rates for solid waste districts that cross multiple county lines, and includes language that will allow counties with local homestead credits to allocate all COIT funds available, to a maximum of a flat eight percent credit, for that purpose.

Other bills of interest are:

- **SB 464** requires the DLGF to adjust maximum cumulative fund rates, school capital project fund rates, and racial balance fund rates to permit the maintenance of fund levies after the application of inventory exemptions and deductions;
- **HB1088** extends the sunset date for issuance of school corporation bonds for retirement or severance liability from December 31, 2003, to December 31, 2004, and requires a school corporation to establish a separate debt service fund for repayment of the bonds; and
- **HB 2005** eliminates most acreage limitations in the determination of land exemptions and imposes reporting and rulemaking requirements on the DLGF concerning locally approved exemption applications.

For a more complete description of 2003 legislation passed, check the website at:

<http://www.state.in.us/> and click on Indiana General Assembly.

Four attitudes that lead to success

- They have a daring outlook
- They want to be experts
- They relish being quick on their feet
- They create ties



Reassessment Update

Kurt Barrow and Lori Harmon

Although it is race season here in Indiana, these past few years have seemed more like a scavenger hunt! Looking for omitted construction, guidelines and manuals, and of course, certified software has been challenging, but for many the end is in sight. We appreciate the difficulty this first market value reassessment system has created for all of you and know that only a focused team effort on both state and county levels working together will get the job done.

March 1, 2002, has come and gone, and so did January 1 without any county done. Now, at least, some Indiana counties and townships have hit the finish line. So far, 29 counties (Adams, Bartholomew, Cass, Delaware, Dubois, Elkhart, Floyd, Fulton, Hamilton, Hancock, Harrison, Howard, Jennings, Johnson, Marion, Miami, Monroe, Montgomery, Pulaski, Putnam, Ripley, Scott, Switzerland, Tippecanoe, Tipton, Vanderburgh, Wabash, Warren and Wells) have had their equalization studies approved.

An additional 9 counties (Benton, Clinton, Gibson, Kosciusko, Marshall, Newton, Ohio, Rush, and Warrick) have submitted their equalization studies for review.

Six counties have been issued budget orders. That's right, Hamilton, Howard, Jennings, Monroe, Vanderburgh, and Wells have tax rates---most not quite in time for a May 10 tax deadline but in time to avoid needing to use the provisional billing measure that passed in the 2003 legislature. House Bill 1219 has been signed by the Governor and offers the opportunity for counties to bill last November's bill which is 50% of last year's total tax bill and then have a reconciliation bill when reassessment is completed.

As tax rates are issued, they will be posted on the DLGF website at www.in.gov/dlgf/.



4/25/03 - Assessment Software Certification Update

Nancy Stassen

We continue to make progress on assessment software certification. Three vendors have completed state level certification: Manatron (for both MVP ProVal and ACAMA assessment applications), Plexis, and Martin Browning, Inc.

Two other vendors, Appraisal Research and Cole-Layer-Trumble Company, are also pursuing state certification. Both vendors are working with DLGF to resolve outstanding issues.

In addition, sixty-two counties (forty-nine ProVal users, eight ACAMA users, two Plexis users, and three counties with in-house systems) have certified their software at the local level. Local certification, the final step in the certification process, means that these counties have verified that their systems are valuing property according to the 2002 assessment guidelines.

With our latest (March 2003) reassessment survey results reporting software installed and operational in 89 counties, we anticipate the remaining local certifications to be forthcoming.

Counties that have not yet certified their assessment software at the local level are reminded that local certification must be completed prior to submitting county budgets for final department approval.

Thanks again to vendors and local officials for their cooperation and efforts towards completing this important step in the reassessment process.



ERA- Economic Revitalization Area Applications

Julie Waddell

To help ensure a more efficient processing of applications, we will be collecting the 322 ERA/PPME and 322 ERA/PPR&DE forms from the counties after the May 15th, 2003, deadline; June 14, 2003, if an extension is granted. When we receive the forms, we will be checking them off as received for 2003/2004.

However, if the form is incomplete, we will mail the form back to the County Auditor's office to have them mail the form back to the taxpayer to complete the form. We will accept the stamped file date when the application was originally submitted.

Each taxpayer should be submitting the following information:

- Duplicate copies of their return (one will be maintained in the Auditor's office and one will be forwarded to DLGF)
- Each application must be date stamped when it is filed in the Auditor's office (DLGF must receive a stamped copy)
- A copy of the extension letter
- 322 ERA/PPE or 322ERA/PPR&DE (Application for Deduction from Assessed Valuation)

continued on Page 7

- For new equipment:
 1. Equipment list with description
 2. Installation dates and cost
 3. The list of cost should equal what is being claimed in Section 3 of the ERA/PPME or 322 ERA/PPR&DE application
 4. A copy of CF-1 (Compliance with State of Benefits) must be filed every year
 5. Taxpayer must include a copy of the Resolution declaring the area an Economic Revitalization Area.

County Auditor's must make sure the following is completed:

- If they are claiming new equipment, Section 3 must be complete.
- Make sure the taxpayers have completed Section 4 and/or 5
- County Auditor should sign the 322 ERA/PPME or 322 ERA/PPR&DE applications in Section 7 on 2003.
- If the taxpayer is claiming new equipment, make sure they have an APPROVED copy of the SB-1 (Statement of Benefits) in their file. Page 2 should be completed and signed by the Designating Body for approval.
- Applications must be date stamped when filed (If the application is stamped after the deadline, please enclose a copy of the postmark date.)

Reminder: Address Changes

If you have a change in your address, business or home, please contact our office at (317) 232-3782.

Elected Officials: We want to make you aware that your address is available to the public on our website. When we mail you correspondence or update our website, please make sure that we are only using your "business" address. You can check your address by going to:

www.in.gov/serv/taxcomm_officials



Level 1 & 2 Assessor-Appraiser Certification Year-End Cycle January 1, 1999 thru December 31, 2002 *Pamela Drinkard*

As most of you are aware, December 31, 2002, ended the first four-year cycle for those individuals who received their Level 1 and/or Level 2 Assessor-Appraiser certifications prior to January 1, 1999.

Beginning January 1, 1999, the Department of Local Government Finance was required to track the continuing education credit hours for all individuals who hold a Level 1 and/or Level 2 Assessor-Appraiser Certification. December 31, 2002, ended the first four-year cycle. This cycle affects those individuals who acquired their Level 1 and/or Level 2 Assessor-Appraiser certification status prior to January 1, 1999. Level 1 Assessor-Appraisers were required to earn (30) hours of continuing education credit during the cycle. Level 2 Assessor-Appraisers were required to earn (45) hours of continuing education credit during the cycle.

The following reports have been generated or are in the process of being generated and mailed.

Requirements Met: A year-end report and a letter of congratulations were mailed to approximately (703) Level 1 and/or Level 2 Assessor-Appraisers who met their requirements. These were mailed on April 15th. If you met the continuing education requirements, you should have already received one in the mail. If you did not receive one in the mail and you feel that you have met your requirements, please call (317) 233-3068.

continued on Page 8

Year-End Cycle

(Cont' from Page 7)

Partial Requirements Met: A report was generated and mailed to approximately (108) individuals who are certified as either a Level 1 and/or Level 2 Assessor-Appraiser who have some continuing education hours, but not enough that is required. For those individuals who fall into this category, the DLGF is allowing you to submit any additional course(s) you have taken during this four-year cycle for approval; that was not reported. The deadline for submitting the course(s) is **June 30th**.

Certified, but no hours to report: There are approximately (491) certified Level 1 and/or Level 2 Assessor-Appraisers who **do not** have any hours to report for this four-year cycle. Also, the DLGF does not have addresses to notify these individuals. Since we are statutorily required to notify these individuals, the DLGF has decided to place a listing of these individuals' names on our website.

Please check our website at: www.in.gov/dlgef and then click on the link called Level 1 and Level 2 Assessor-Appraisers. If your name is on the list, or if you know how to reach these individuals, please contact our office at (317) 233-3068 by **no later than June 30th, 2003**.

Still in cycle: A report will be generated and mailed to Level 1 and/or Level 2 Assessor-Appraisers who are still in cycle. The report will only list those courses taken during the January 1, 2002, through December 31, 2002, cycle.

Be advised that if continuing educational requirements have not been met, as either a Level 1 and/or a Level 2 Assessor-Appraiser, disciplinary proceedings to 50 IAC 15-3-5 may commence.

Once all corrections have been made, a final report will be run to determine who has not met their continuing education requirements.



Budget Update

Melissa Henson

The Department of Local Government Finance's Budget Division has begun to certify tax rates for the 92 counties in the State. To date, six counties have final tax rates. Due to reassessment, many counties are in the process of finalizing assessed values for certification to the State.

The Budget Division is working with three certification scenarios. First, a county that does not have any cross-county units (units whose territory extends into another county) will receive tax rates for all taxing districts in that county.

Second, if a taxing unit crosses county lines, the Department of Local Government Finance needs final net assessed value information from all counties in which the taxing unit lies.

The DLGF can accept a partial certification of net assessed values from a county that has not completed assessments for the entire county. The County Auditor in the county where reassessment is incomplete may certify the net assessed value that affects a cross-county taxing unit provided the County Assessor is able to certify the gross, equalized assessed value for the taxing district(s) to the County Auditor.

The assessor's certification must reflect the final "reassessment" value of both personal and real property in the taxing district after equalization.

continued on Page 9

Once certified, the assessed value information for the taxing district that contains a cross-county unit will not be changed throughout the certification process.

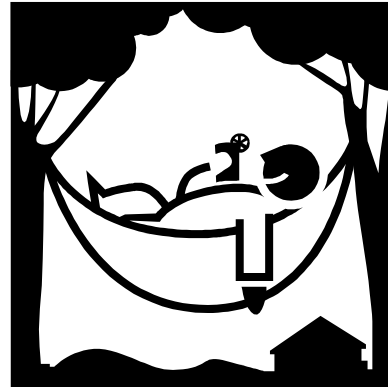
Lastly, the DLGF will certify tax rates for a county with a cross-county unit without receipt of the final "reassessment" value of both personal and real property from a county that has not completed reassessment.

The DLGF will certify taxing districts not affected by the cross-county taxing unit to allow the county treasurer to bill taxes in those taxing districts.

When the final "reassessment" assessed value information is received for the taxing district(s) affecting the cross-county taxing unit, the DLGF will certify the remaining taxing districts. This results in two different installment deadlines for the county.

After the budgets, tax rates and tax levies are reworked, the DLGF will provide political subdivisions with written notification of any reductions, revisions or increases the DLGF proposes in a political subdivision's appropriations, tax levies or tax rates. When the seven-day response period expires, the Budget Division will certify the 2003 budgets, tax rates and tax levies for the county.

Questions regarding the process can be directed to the Budget Division at 317-232-3773.



Congratulations and Good Luck!

We congratulate four dedicated DLGF employees who retired in May. They are:

Carolyn J. Ives (Assessment Division)-
29 years, January 1974 - May 2003

Dennis Neuhoff (Budget Division)-
16 years, April 1987 - May 2003

S. Sue Mayes (Assessment Division)-
23 years, January 1980 - May 2003

David Stephani (Budget Division)-
16 years, July 1987 - May 2003

Receive the Communicator by Email

To receive the Communicator via the internet, email Pamela Drinkard at:

Pdrinkard@tcb.state.in.us

***Thank you for your years of service
with the State of Indiana Tax Board and
Department of
Local Government Finance.***

Status of Rules

Heather Scheel

Cite	Rule	Subject of Rule	Status	Next Steps
IC 6-1.1-4-4.5	Annual Adjustment LSA Doc. #02-297	The DLGF must establish a system for annually adjusting the assessed value of real property in years between general reassessments in order to promote uniform and equal assessed values.	Notice of Intent Published 11/1/02	DLGF is drafting proposed rule
IC 6-1.1-31-5	Computer Standards LSA Doc. #02-83		DLGF withdrew rule 5/1/03; will issue Notice of Intent as it develops standards for next reassessment	
IC 6-1.1-8.7	Industrial Facility LSA Doc. #02-81	Property Owners or an industrial facility may request the DLGF to assess the real property of an industrial facility valued over \$25,000,000.	DLGF adopted proposed rule 2/6/03	
IC 6-1.1-10-36.5	Substantial Relation LSA Doc. #02-82		DLGF withdrew rule 5/1/03; will issue new Notice of Intent under HEA 2005	
IC 6-1.1-35	Tax Rep. LSA Doc. #01-266	50 IAC 15 governs the qualifications of tax representatives that practice before the county PTABOA's and the DLGF. The rule also outlines the certification requirements to become a Level 1 & 2 Assessor-Appraiser and the educational requirements in maintaining the certification. In addition, the rule allows the DLGF to revoke certification of assessor-appraisers as well as tax representatives.	Final rule published in IR 2/1/03	
IC 36-7-32-19	Technology Parks LSA Doc. #02-342		Notice of Intent published 1/1/03	DLGF is drafting proposed rule.
IC 6-1.1-35.2	New Official per diem LSA Doc. #03-6		Notice of Intent published 2/1/03	DLGF is drafting proposed rule
IC 6-1.1-8.5	Lake County Industrial Facilities LSA Doc. #02-343	This rule outlines the procedures the DLGF must follow when assessing Lake County Industrial Facility real property. The DLGF shall assess each facility whose true tax value exceeds \$25,000,000.	DLGF adopted final rule 4/29/03	Submit to Attorney General to review
2003 House Bill 1219	Provisional Billing Procedures ER	This Emergency Rule sets out the guidelines counties must follow if they choose to send taxpayers provisional statements.		DLGF is drafting proposed rule
2003 House Bill 1535	Lake County Appeal Procedures ER			DLGF will draft proposed rules
2003 House Bill 1714	ERA Rule		Allows the DLGF to adopt rules to Implement ERA Deductions	

